

Tamil Nadu has made rapid strides in the pursuit of economic development. The State is an Information Technology and Knowledge hub with a broad-based manufacturing sector and a leapfrogging service sector. Tamil Nadu has also been in the vanguard of investing in social infrastructure and solidifying quality economic infrastructure. It has the highest credit-deposit ratio in India and its development record in both rural and urban areas has been inclusive and equitable. Placing development objectives at the centre stage, drawing up a perspective plan for infrastructure development through the Tamil Nadu Vision 2023, pursuing policies that promote inclusive economic development, formulating schemes and programmes for employment generation, poverty reduction and social welfare have been the principal ingredients that have ignited the development process in the State to a great extent.

With the incorporation of data and information for the year 2013-14, this edition of the Tamil Nadu – An Economic Appraisal brings the publication upto date. This edition covers 2011-12, 2012-13 and 2013-14. The year 2011-12 was rated as good judged by all economic indicators, whereas in 2012-13 the State's economy was severely affected by drought and the general slowdown caused by global and all India factors. The year 2013-14 was a year of consolidation during which all sectors exhibited a strong revival.

### **1.1 State Income:**

The Twelfth Five Year Plan aims to achieve accelerated, innovative and inclusive growth in all sectors of the economy. A ratchet growth effect is sought to be achieved with a view to ensure the people in the bottom quintile can enjoy the fruits of economic development in full measure. The Advance Estimates indicate that Gross State Domestic Product (GSDP) at constant prices (2004-05) registered a growth of 7.29 percent in 2013-14 as against 3.39 percent in 2012-13 (Quick Estimate). The growth in GSDP during the current year 2013-14 was mainly supported by the growth of the tertiary sector (9.31%) and primary sector (7.24%). The primary sector was able to compensate the loss in production that occurred during the previous year due to wide spread drought. The growth in the sub-sectors of banking and insurance (12.65%) and real estate ownership of dwelling and business services (14.99%) had mainly contributed to the accelerated growth of the tertiary sector. Turning to the secondary sector, the growth had, accelerated slightly to 3.07 percent in 2013-14 from 2.06 percent in 2012-13. The slow acceleration was mainly due to the negative growth in the sub-sector electricity, gas and water supply (-9.98%). During the 11<sup>th</sup> Plan period, Tamil Nadu had achieved a growth rate of 7.7 percent as against the target of 8.5 percent. At all India level it was 8.0 percent as against 9.0 percent.

The share of primary sector in GSDP declined to 7.76 percent in 2013-14 from 11.87 percent in 2004-05, the share of the secondary sector has been hovering in a range between 28 to 31 percent and the share of the tertiary sector has expanded to 63.70 percent from 57.23 percent. Thus, the State economy has decisively become service-led.

Per capita income based on NSDP at constant prices has increased from Rs.58,360 in 2012-13 to Rs.62,361 in 2013-14 registering a growth of 6.86 percent. In real terms as

well as in terms of growth, the per capita income in Tamil Nadu during 2013-14 was well above the All-India average. All India per capita income increased from Rs.39,168 in 2012-13 to Rs.39,961 in 2013-14 registering a growth rate of 2.84 percent. The district per capita income (based on NSDP) details available for the year 2010-11 revealed that Kanyakumari had the highest District per capita income of Rs.81,094 and Ariyalur had the lowest per capita income of Rs.16,559. The existence of wide inter-district disparities in per capita income is a major concern and which needs to be addressed. As per the CSO data, Tamil Nadu with the per capita income of Rs.58,360 (2012-13) ranked fourth place among major states whereas Maharashtra (Rs.66,066), Haryana (Rs.64,631) and Gujarat (Rs.61,220) occupied the top three positions. The Gross Fixed Capital Formation (GFCF) in the State which is the well spring for future economic growth improved from Rs.1,61,127 crore in 2012-13 to Rs.1,82,911 crore in 2013-14 registering a growth of 13.5 percent. It's share in GSDP was 21.41 percent.

### **1.2 State Finance:**

With a view to strike a balance between the developmental expenditure and fiscal prudence, the Medium Term Fiscal Plan has been put in place. It aims to maintain revenue surplus, to contain fiscal deficit at 3 percent of GSDP and the debt-GSDP ratio at 25 percent. In accordance with the above set targets, there was a turn around in revenue account from deficit to surplus since 2011-12. The net surplus ranged between Rs.244.27 crore in 2013-14 and Rs.1760.26 crore in 2012-13. The fiscal situation has seen a significant improvement as compared to earlier years. The fiscal deficit as a percentage to GSDP in all the three years 2011-12 to 2013-14 was maintained well below 3 percent mark. It was 2.97 percent in 2011-12, 2.39 percent in 2012-13 and 2.68 percent in 2013-14. The debt-GSDP ratio was also well below the stipulated level. It was 19.1 percent in 2011-12, 19.8 percent in 2012-13 and 19.5 percent in 2013-14.

Revenue receipts were on the increase mainly on account of buoyancy in tax revenue. Revenue receipts as a percentage to GSDP gradually moved up from 13.0 percent in 2011-12 to 13.7 percent in 2013-14. State's tax revenue was the principal source of revenue receipts in the State, as it accounted for 85.5 percent of revenue pie in 2013-14. Amongst tax revenue, the State's own tax revenue contributed a larger chunk (71.4%) of the revenue receipts. The ratio of own tax revenue to GSDP gradually increased from 8.9 percent in 2011-12 to 9.8 percent in 2013-14. This was mainly due to the additional resource mobilization measures taken by the State which paid tangible dividends. Value Added Tax and Central Sales Tax, Stamps and Registration Fee, State's Excise Duties and Tax on Vehicles together contributed as high as 94.1 percent of the State's own tax revenue.

Turning to the share of Central taxes, Tamil Nadu is particularly hard hit by the consistent reduction of the State's share in central revenues. In successive Finance Commission's recommendations, there has been erosion in Tamil Nadu's share of the divisible pool from 7.68 percent share (7th Finance Commission) to 4.98 per cent (13<sup>th</sup> Finance Commission).

The ratio of non-tax revenue to GSDP hovered around one percent. Limited mining potential and with most Government services are delivered free of cost or at nominal levels of cost recovers, non-tax revenue does not display much buoyancy.

The increase in the quantum of assistance under the existing various schemes, interest payments and pension and salary commitment to the Government employees were the reasons behind the increase in revenue expenditure. A large number of vacancies in

critical departments including Police, Health and Education are being filled up causing revenue expenditure to increase. The ratio of revenue expenditure to GSDP had gradually gone up from 12.6 percent in 2011-12 to 13.7 percent in 2013-14.

In all the three years (2011-12 to 2013-14), the capital account exhibited deficit. It varied from Rs.2,074.17 crore in 2012-13 to Rs.5,688.12 crore in 2011-12. The net Consolidated Fund also depicts a deficit in all the three years. It varied between Rs.313.91 crore in 2012-13 and Rs.4,324.02 crore in 2011-12. The deficit was mainly due to the deficit on capital account. During the three year period ending 2013-14, the net receipts under public account turned to be positive at Rs.4,984.16 crore in 2011-12 and Rs.3848.94 crore in 2013-14. In 2012-13 it was negative because of higher disbursement over receipts under suspense and miscellaneous components. The overall transactions had ended with surplus of Rs.689.70 crore in 2011-12 and Rs.969.81 crore in 2013-14.

### **1.3 Agriculture:**

Agriculture continues to be the backbone of the State economy, as it provides livelihood security and food security. The overall crop prospects in the State during 2013-14 are bright. The rainfall in the South West Monsoon was normal and its distribution was fairly even helped to recharge of groundwater considerably. It brought copious inflows into the State's surface flow sources and built up adequate storage. All these factors made the irrigation scenario in the State encouraging. As a result, more area was brought under cultivation in 2013-14 as compared to 2012-13. The State Government also made arrangements for the timely and adequate supply of necessary inputs through its agricultural extension centres. Sufficient and timely crop loans to eligible farmers were disbursed through Primary Agricultural Co-operative Societies and 12 hours three phase power supply was ensured in the Delta districts and 8 hours power supply in non-delta districts. As a result farmers were motivated to redouble their efforts to take up agricultural activities with greater vigour. There was an increase in per hectare fertilizer consumption from 235 Kgs in 2012-13 to 308 Kgs in 2013-14. There was no major outbreak of pests and diseases during 2013-14. All these factors helped the agricultural sector during the year 2013-14 to recover from the impact of drought witnessed during the year 2012-13. Coupled with the increase in the area and yield rate of crops, production of foodgrains was anticipated to increase substantially from 56.05 lakh tonnes in 2012-13 to 85.46 lakh tonnes in 2013-14. Groundnut production grew from 7.85 lakh tonnes in 2012-13 to 9.90 lakh tones in 2013-14, cotton from 2.55 lakh bales to 3.18 lakh bales and sugarcane from 340.14 lakh tonnes to 375.46 lakh tonnes. Ultimately, the overall growth of the agricultural sector in terms of GSDP as per the anticipated estimates is expected to register an increase of 8.22 percent in 2013-14 as against the negative growth of (-)13.04 percent in 2012-13. At this level, it would be higher than the 5 percent growth rate contemplated during the Twelfth Five Year Plan period. Despite this performance, the State agriculture sector continues to confront the shrinkage of area cultivated, mismatch between the drawal and recharge of groundwater, getting the due share of inter state water from neighbouring States, growing conversion of agricultural land for non-agricultural users, wide disparities in yield rate of crops across the State, imbalanced application of chemical nutrients and continued reliance on farmers' saved seed.

### **1.4 Animal Husbandry, Fisheries and Forestry:**

As per the latest 18<sup>th</sup> Quinquennial Livestock Census 2007 the total livestock population in the State was 30.8 million accounting for 5.8 percent of all India population. Of

this, the share of bovines, small ruminants and others was in the ratio of 43:56:1. The share of breedable bovines in total bovine population was 43.2 percent. The share of exotic and cross bred in the breedable cattle was 70 percent and in buffaloes the share of non-descript was 62 percent. The proportion of milch animals to breedable population was 90 percent. With an increase in the number of cross bred breedable bovine population, the total milk production in the State had gone up from 70.05 lakh tonnes in 2012-13 to 71.97 lakh tonnes in 2013-14. The State's share in total all India milk production was 5.3 percent. The State was in a comfortable position with regard to the percapita per day availability of milk at 261 grms. With regard to availability of fodder and feed, there was a yawning gap between the requirement and availability in respect of green fodder (77.6 lakh tonnes) and concentrates (71.9 lakh tonnes). Limitations on increasing area under fodder was the main reason for the short fall.

The total poultry population in the State was 130.5 million of which commercial poultry accounted for 78 percent and backyard poultry 22 percent. Tamil Nadu accounted for 19.7 percent of the all India poultry population. The State scaled a new peak by producing 12,558 million eggs in 2013-14 and at this level the State's share was 18 percent of all India egg production. The per capita per year availability of eggs at 165 in 2013-14 was lower than the ICMR requirement of 180. The State with 1,480.49 lakh kgs accounted for 2.3 percent of the total all India meat production from recognized slaughter houses. Continued existence of unrecognized slaughter houses is one of the gray areas in this sector. Desirable technological diffusion is noticed in the domain of animal healthcare. In 2013-14, 260.30 lakh animals were treated, 450 lakh animals were vaccinated and 297.80 lakh animals were dewormed through a vast network of veterinary healthcare institutions.

The total fisherman population in the State was 11.03 lakh accounting for a share of 1.5 percent of total population. The total fish production in the State had gone up marginally from 6.20 lakh tonnes in 2012-13 to 6.23 lakh tonnes in 2013-14. The composition of marine and inland in total fish production was 70:30. Marine fisheries is confronted with the problems of over exploitation of inshore area and lack of properly defined maritime rights and transgression of Tamil Nadu fishermen's traditional fishing rights by the Srilankan Navy. The shortfall in the availability of fish seed and fish feed continued to be the problem in respect of inland fish catch.

The forest coverage in the State as proportion to geographical area at 17.59 percent was lower than the national average of 22.0 percent and 33.0 percent stipulated by the National Forest Policy. Promotion of urban forestry and encouragement of tree cultivation in private lands appear to be the solution for increasing the forest cover in the State. Tamil Nadu is one of the very few states in the country where the forest/tree cover actually increased in the last decade.

### **1.5 Industry:**

A strong economy depends upon a vibrant and broad – based manufacturing sector. As per the Index of Industrial Production data, the overall industrial production in the State witnessed a growth of 5.14 percent in 2013-14 as against 1.30 percent in 2012-13. The increase was mainly triggered by the higher growth rate in the manufacturing sub-sector with the weight 827.89 (4.3%). At the all India the overall industrial production declined by 0.20 percent in 2013-14 as against the minimal growth of 1.1 percent in 2012-13. This was mainly due to the negative growth in the two sub sectors viz., mining (-0.62%) and manufacturing (-0.77%). The electricity sub-sector registered a positive growth of 6.10 percent.

The Annual Survey of Industries (2011-12) released by the Central Statistics Organisation (CSO) had revealed that the State with 36996 factories and with 19.41 lakh persons engaged in registered manufacturing industrial units occupied the first position among major industrial States. In terms of other industrial parameters viz., fixed capital (Rs.1,61,452 crore), productive capital (Rs.2,11,084 crore) and gross value of output (Rs. 6,08,859 crore) Tamil Nadu occupied the third place. In net value added (Rs.76,179 crore) the State ranked fourth. According to the Ministry of Industry and Commerce, Tamil Nadu occupied first rank with regard to issue of letter of intents and Direct Industrial Licenses (874) with more employment opportunities (1.52 lakh) between 1991 and 2013. In terms of proposed investment, Tamil Nadu occupied the fourth position (Rs.14,328 crore). As of 2012-13, the Micro Small and Medium Enterprises (MSMEs) with 8.5 lakh registered units with the investment of Rs. 48,190 crore providing employment opportunity to 58.53 lakh persons and producing Rs.184454.27 crore value of output.

Regarding major industries, Tamil Nadu's share consistently averages 16 percent to 18 percent of the All India production of the Automobile Industry during 2005-06 to 2010-11. As far as the Textile Industry is concerned, there were 53,401 power looms functioning in the State under co-operative fold, produced 27.55 crore meter of cloth to the value of Rs.622.51 crore in 2012-13 as against 6.82 crore meter of cloth to the value of Rs.133.65 crore in 2011-12. In power looms sector the State's share in the all India scenario was 17.23 percent of registered power looms and 17.25 percent of employment. The hosiery sector concentrated at Tiruppur provides employment to 3.20 lakh persons with an estimated annual production of 23 million sq. meters of hosiery products. The State is contributing about 9.0 percent of the total all India sugar production and occupied fourth place after Uttar Pradesh, Maharashtra and Karnataka. However, in 2012-13 the decline in cane crushed by sugar mills had resulted in a fall in the production of sugar to 19.07 lakh tonnes from 23.79 lakh tonnes in 2011-12. Cement production in the State had gone up from 22.07 lakh tonnes in 2011-12 to 24.51 lakh tonnes in 2012-13. The State share in total all India cement production was 11.0 percent in 2012-13.

The State has signed MoUs for projects providing direct employment to 1.46 lakh with the total investment of Rs.26,625 crore in 2012-13. The flow of investments during 2013-14 would be of the order of Rs.30,000 crore. Despite the perceptible industrial growth registered in the State as per the Annual Survey of Industries, a lop-sided development is observed in the distribution of industrial units across the districts and stagnation is noticed in the share of manufacturing in GSDP over a period of time. To overcome these problems, dispersal of industrial units to backward regions, especially in Southern districts is imperative.

### **1.6 Energy:**

Reliable supply of electricity is essential for achieving a higher economic growth and social development in the State. The performance of the energy sector during the year 2013-14 was rated as good. Thanks to good inflows, the hydel sources which were at a low ebb in the beginning of the year had picked up subsequently and complemented the thermal sources. Apart from this, there was a significant contribution from wind power projects this year even beyond the usual season. Thermal plants functioned to their full capacity in spite of technical problems. Uninterrupted supply of coal to the thermal power stations was ensured. Apart from this, to bridge the gap between supply and demand, the State's initiatives by way of effecting short term (tenure less than 1 year) purchase of power from the local generators in Tamil Nadu ensure timely solutions. In addition to this, procurement of 500 MW power from other States through medium term (tenure 1 to 7 years) purchase

agreements came in very handy at the right time. With the concerted efforts of the State, the commissioning of new thermal power projects viz., the TNEB-NTPC joint venture project at Vallur in August 2013, the Mettur Thermal power project in October 2013, the North Chennai Thermal Power Station stage – II in March 2014 and hydel projects viz., Bhavani Kattalai Barrage – III and Renovation, modernization and uprating works in the Periyar Power House helped to improve the total installed capacity in the State from 10515 MW in 2012-13 to 11884 MW in 2013-14.

Thanks to the constant encouragement of the State towards the promotion of non-conventional sources of energy, the total installed capacity of this source improved from 7,999 MW in 2012-13 to 8076 MW in 2013-14 (upto July 2013) and also lent its supporting hand to augment the power supply during the current year. The State Government has also encouraged domestic consumers to set up solar power installations by providing incentives. With all these, gross power availability in the State improved from 74,872 MU in 2012-13 to 85,830 MU in 2013-14 and was able to meet the all-time high peak demand of 12,764 MW in March 2014. During the year, the maximum grid consumption attained was 279 million units at the fag end of March 2014. Taking the relatively favourable circumstances during the year 2013-14, the power shortage in the State had been significantly reduced and supply of quality power throughout the State was ensured. The State resorted to some restriction and control measures to bridge the gap between demand and supply. Consequently, the load shedding in the State during the year 2013-14 was minimal and infrequent.

### ***1.7 Transport and Communication:***

The total length of roads in the State increased from 2.31 lakh kms in 2012-13 to 2.47 lakh kms in 2013-14. 90.7 percent of the road length is surfaced roads. The density of roads in Tamil Nadu was 177 km per 100 sq. km area comparatively higher than the average for all India (148 kms).

Growing demand for personalized vehicles facilities due to hire purchase system and swelling real percapita income triggered the increase in the total number of registered vehicles in the State from 170.92 lakh in 2012-13 to 187.42 lakh in 2013-14, registering a growth of 9.7 percent. The number of registered vehicles per lakh population in the State had witnessed a surge from 23,693 to 25,980. Vehicle density per sq. km increased from 131 to 144.

The total fleet strength of State transport undertaking increased from 21,207 as of March 2012 to 22,053 as of March 2013, registering a growth of 4.0 percent. The total distance travelled by the fleets of State public undertaking had gone up from 88.44 lakh kms/day in 2011-12 to 89.78 lakh kms/day in 2012-13. The average fleet utilization was estimated at 94.42 percent. The operating average km per litre of diesel stood at 5.27 kms in 2012-13 as against 5.25 kms in 2011-12. Tamil Nadu levies the lowest fare of Rs.0.42 paisa per km for ordinary mufossil buses and 0.90 paisa for air conditioned buses. The fare in neighbouring States such as Kerala, Karnataka, Andhra Pradesh, Maharashtra and Gujarat ranged between 0.51 paisa to 1.60 paisa respectively. Dual pricing policy for diesel adopted by oil marketing companies caused mounting losses for the State Transport Undertakings which has been strongly opposed by the State.

The total length of railway lines in the State was 3,761.62 kms of which the electrified rail length accounted for a share of 46.8 percent. Tamil Nadu is endowed with three major ports viz., Chennai, Tuticorin and Kamarajar which serve as hubs for import and export of goods and commodities. The quantity handled by these ports increased from 995 lakh

tonnes in 2012-13 to 1071 lakh tonnes in 2013-14. Airports Authority of India manages 4 airports in Tamil Nadu. The passenger's traffic witnessed an increase from 156.9 lakh in 2011-12 to 157.4 lakh in 2012-13. The slowdown in the economy resulted in a fall in cargo traffic from 3.74 lakh tonnes to 3.27 lakh tonnes.

The low tariffs due to the aggressive pricing strategies of private companies caused a significant increase of cellular subscribers in the State from 724 lakh numbers in 2012-13 to 728 lakh numbers in 2013-14. Tamil Nadu accounted for 8.34 percent of the total all India cellular subscribers. The number of telephones in use for every 100 individuals living within in the State at 108.96 was the highest among major States in 2013. The total number of internet users in the State had gone up from 154 lakhs in 2012-13 to 196 lakhs in 2013-14. Tamil Nadu's share in total internet users at all India was 9.9 percent.

### **1.8 Banking:**

Towards achieving cent percent financial inclusion and to attain the goal of inclusive economic growth, the State Government has entrusted the responsibilities of distribution of social security pensions, wages under Mahathama Gandhi National Rural Employment Guarantee Scheme (MGNREGS), scholarship to students, salary payment to staff, collection of taxes on behalf of the Government and effecting all transactions of the Government through banks. The culmination of all efforts of the State Government resulted in an increase in percentage of households having bank accounts in the State from 52.5 percent in 2011 to 67.2 percent in 2012. The total number of banks functioning in the State had gone up from 7,830 in 2012-13 to 7,966 in 2013-14. The population served per bank branch in Tamil Nadu at 9,452 compares favorably well with the 11,993 all India for the year in 2013-14, indicating the intensive reach of banking activities in the State. Tamil Nadu has the highest credit-deposit ratio in India of 123.0 percent in 2012-13 which was significantly higher than all India average of 78.1 percent. The mechanization of agriculture, increasing educational loans, promotion of industrial development and the resultant growth in trade and commerce were the major reasons for the higher credit-deposit ratio in the State. The total deployments of funds for the core sector under Annual Credit Plan (ACP) witnessed an increase from Rs.96,661 crores in 2012-13 to Rs.1,15,076 crores in 2013-14. As on 31<sup>st</sup> March 2013, cumulatively 13.89 lakh SHGs were covered with aggregate bank loans of Rs.18245 crore in the State.

### **1.9 Prices:**

During the first half of the year 2013-14 (April to September), the pace of increase in inflation as measured by Wholesale Price Index (base year 1970-71=100) in the State was 8.7 percent as compared to the corresponding period of the previous year (9.0%). The pace of increase in the primary article group (10.6%) had mainly triggered the overall inflation in the State during 2013-14. The lagged effect of the drought in 2012-13 besides causing mismatch between demand and supply created panic reactions to shortages in agricultural produce accelerating the pace of increase in prices of primary articles in 2013-14. The increase in prices particularly of cereals, pulses, fruits and vegetables, milk, egg, fish and meat was the main reason. The pace of increase in prices of textiles (12.1%) and food products (13.0%) greatly influenced the overall price of the manufactured products in 2013-14. Eventhough, the pace of increase in the prices of fuel, power, light and lubricants is largely determined by the fluctuations in the price of crude and petroleum products in international market and the appreciation of dollar value was lesser at 0.7 percent in 2013-14, however, it had its cascading effect on the price rise of the other commodities.

The pace of increase in Consumer Price Index (base year 2001=100) for Industrial Workers in the State during the first half of the year 2013-14 at 11.5 percent was higher as compared to all India (10.7%). The spurt was due to the rise in prices of articles such as rice, groundnut oil, meat and dairy milk. The State efforts of institutionalizing the Universal Public Distribution System to benefit 1.98 crore families, establishing subsidized Amma Unavagam (budget canteen), setting up of Retail Outlets for sale of vegetables, distribution of rice at free of cost to 1.83 crore families and effecting procurement of rice by the State Government to overcome supply side constraints are worth mentioning. Efforts to improve productivity of rice, pulses and fruits and vegetables and establish cold chains to ensure the availability of protein rich products viz., egg, meat, milk and fish and monitoring of the prices of essential items on a continuous basis need to be persisted with.

### **1.10 Employment:**

More people are to be employed in productive, remunerative and socially useful jobs so that it can be possible to further reduce poverty and ensure equitable distribution of income. The estimated labour force (15-59 years) in the State improved from 40 million in 2001 to 47.76 million in 2011. Its share to total population increased from 64.1 percent to 66.2 percent. The total number of workers had gone up from 27.88 million to 32.88 million. Its share to total labour force, however, witnessed a decline from 69.7 percent to 68.8 percent. The Work Participation Rate edged up from 44.7 percent to 45.6 percent. The ratio was higher than the all India (39.8%). The pace of increase in the ratio was marginal in rural areas (from 50.3% in 2001 to 50.7% in 2011) as compared to urban areas (from 37.5% to 40.2%). The work participation rate in the case of males was higher than that of females both in rural and urban areas. Of the total workers the ratio of main workers at 85.0 percent in Tamil Nadu was higher than the all India level (75.2%). Of the total main workers the share of cultivators and agricultural labourers and household industry workers in the State was on the decline.

The 66<sup>th</sup> round of NSS (2009-10) revealed that Tamil Nadu contributes 7.74 percent to total labour force, 8.3 percent to the work force and 1.9 percent of the unemployed in the country. In respect of Labour Force Participation Rate (446) and Worker Population Ratio (420) Tamil Nadu stood first among the major States.

The total number of persons employed in the organized sector had marginally increased from 23.37 lakh in 2011-12 to 23.62 lakh and further to 23.71 lakh in 2013-14 (upto June 2013). The public sector accounted for 61 per cent of the total organized sector employment. Of the public sector employment, the State Government formed a major share of 39 percent followed by quasi-Government 35 percent, Central Government 14 percent and local bodies 12 percent. The concentration of public sector employment was more in the industrial groups viz., transport, storage, communication, public administration, defence and social security, health and social works and education. The private sector employment witnessed a steady increase from 8.88 lakh in 2010-11 to 9.20 lakh in 2012-13. Among industry groups, concentration of employment was higher in manufacturing and education.

The total number of applicants on the live registers of employment exchanges was on the increase from 68.05 lakh in 2010-11 to 75.03 lakh in 2011-12 (10.3%) and further to 82.79 lakh in 2012-13. Of them the proportion of persons having SSLC/PUC/HSC constituted the largest share, because all students passing SSLC were automatically registered in a tie up between the School Education and Employment Departments. Unemployment and skill deficiency among educated youth are the challenges thrown up

which need to be addressed. There is an urgent need to ensure basic skilling and certification among the members of the labour force of the unorganized sector.

### **1.11 Health:**

Good health is an essential for improvement in labour productivity and human resource development of the society. Considerable achievements have been made in various health indicators in Tamil Nadu. This good accomplishment is the result of many factors including greater health consciousness amongst the public, improvement in female literacy rate and female empowerment, growing industrialization, faster urbanization, rising nutritional status, infectious disease prevention control including early detection, treatment and control of outbreak of epidemics, better road connectivity between rural areas and urban centres, easy transportation, application of modern medical practices in diagnosis and treatment, effective administration of universal immunization, functioning of PHCs on a 24x7 basis and strengthening of PHCs with necessary equipment. Above all the implementation of Dr. Muthulakshmi Reddy Maternity Benefit Scheme, Chief Minister's Comprehensive Health Insurance Scheme and effective functioning of 108 Emergency Ambulance Services have helped to improve the health indicators in the State. Life Expectancy at birth in the State increased from 66 years in 2001-05 to 68.9 years in 2006-10. There was a decline in Infant Mortality Rate from 44 in 2002 to 21 in 2012, Maternal Mortality Rate from 111 in 2004-06 to 90 in 2010-12, Crude Birth Rate from 18.5 in 2002 to 15.7 in 2012, Crude Death Rate from 7.7 in 2002 to 7.4 in 2012 and Total Fertility Rate from 2.1 in 2002 to 1.7 in 2011. The Institutional deliveries in the State improved from 76.0 percent in 2006 to 92.4 percent in 2011. Small pox, polio and guinea worm have been eradicated.

There are 1751 PHCs and 8706 health sub-centres which have been rendering universal basic healthcare services to the rural population. 4864 doctors and 18,705 nurses are rendering service in PHCs. The total number of outpatients treated in PHCs had gone up from 811 lakh in 2010-11 to 919 lakh in 2013-14 and inpatients from 11 lakh to 15 lakh. Under the secondary and tertiary healthcare system, in 31 districts headquarters hospitals, 154 Taluk hospitals, 76 non-taluk hospitals, 19 dispensaries, 10 mobile medical units, 7 women and children hospitals, two TB hospitals, two TB clinics, 7 leprosy hospitals/centres and 47 medical education institutions hospitals, 9184 doctors, 12848 nurses and 6924 para medical staff are working. On an average, per year 1116 lakh patients were treated in these institutions. Outpatients accounted 85 percent. On an average, per day around 2.62 lakh outpatients and 0.46 lakh in patients were treated in these institutions. In immunization, the State had achieved two distinctions - Polio free status since 2004 and elimination of neonatal tetanus since 2006. Of the total 8.48 lakh persons adopting various family welfare measures through PHCs, HSCs, PPCs and urban family welfare centres, 62.6 percent followed temporary measures and the remaining were sterilized.

As per Census 2011, there were 16.42 lakh disabled persons in the State which is 2.3 percent of the total population. Visual disability and locomotor disability were the major causes. They together accounted for 80.2 percent of the total disabled persons in the State. Turning to the nutritional status of the people, the National Family Health Survey – III (2005-06) brought to light the fact that 29.8 percent of children below 5 years were underweight, 30.9 percent had stunted growth, 22.2 percent had wasted growth. 64.2 percent of the children (6-59 months) and 53.2 percent of married women (15-49 years) and 53.3 percent of pregnant women were anemic. There is an urgent need to arrest the increasing private out-of-pocket expenditure on healthcare, the increasing trend in life style diseases, ensure the continued availability of life saving drugs in health institutions, curtailing the growing tendency

of anti-biotic in treatment of many diseases without understanding the ill effects of irrational use.

### **1.12 Education:**

Education in terms of knowledge, qualities, skills, attitudes and capabilities plays a pivotal role in promoting economic development as well as the growth of the country and thereby helps to reduce poverty and other related social debilitation. During the past five decades the literacy rate in Tamil Nadu had more than doubled from 36.4 percent in 1961 to 80.1 percent in 2011. Among the major States, in terms of literacy rate the State ranked third. The literacy gap between males and females and rural and urban was lower in Tamil Nadu as compared to all India. These gaps need to be eliminated.

Accessibility of primary and upper primary schools is viewed as a corner stone of a sound education policy. Tamil Nadu has already achieved cent percent access at the primary level in 2002-03 and at the upper primary level in 2004-05. However, with the growing population and new habitations springing up, the need for new schools is constantly on the increase. During 2012-13 there were 35,185 primary schools and 9,656 middle schools in the State. The number of primary schools per thousand children population in the State was 9 and in the case of upper primary schools it was 7. The total number of students enrolled in elementary education during 2012-13 in the State was 96.79 lakh accounting for a share of 4.8 percent at all India. The proportion of child with special needs enrolled in the State was 1.1 percent. Total teacher strength in the elementary schools was 2.15 lakh. The pupil-teacher ratio the most important measures of educational quality revealed that at the primary level in 2012-13 was 24 as against the stipulated norm of 30 and the all India average of 28. At the upper primary level it was 19 as against the norm of 35. The net enrolment rate of girls was higher than boys at the primary level (99.70% as against 99.68%) and at the upper primary level (99.05% as against 98.95%). The transition rate from primary to upper primary level (94.89%) in the State was highest among the southern States and higher than the all India average (86.74%). There was a decline in repetition rate both at the primary (1.67% in 2010-11 to 1.34% in 2012-13) and upper primary (5.08% percent to 4.47%) levels. Eventhough, the dropout rate was on the decline, it was considered to be on the higher side in the upper primary level (1.70%) as compared to the primary level (0.93%). The major reasons were the lack of interest in studies which translates to either the lack of interest of the parents to educate the children or the children were lured/forced into work to earn money due to poor economic status of the households. Going by the Educational Development Index, Tamil Nadu occupied the first place with regard to primary level, second place at the upper primary level and first place in the overall elementary education among southern States.

Tamil Nadu had already realized the goal of establishing one high school within the radius of 5 Kms from a habitation and one higher secondary school within a radius of 8 Kms as per the norms. There were totally 11,587 high and higher secondary schools in the State. Total students enrolled in 2012-13 in these schools was 38.42 lakh. On an average, one classroom in high and higher secondary schools accommodates 39 students. At this level, the State was well placed against the all India average as well as among southern States. The teacher-pupil ratio in high and higher secondary schools in the State was 31 which was on par with the all India average.

Turning to higher education, Tamil Nadu with 59 universities ranks first at all India. The total number of colleges and institutions was 3445 as of 2012. On an average in Tamil

Nadu there were 27 colleges per lakh population as compared to the all India average of 23. In terms of management, Tamil Nadu is dominated by private unaided colleges as they accounted for 88.5 percent of the total followed by government 5.8 percent and private aided 5.6 percent. The total enrolment in these institutions stood at 24.09 lakh, of which the ratio of male and female was 57:43. Of the total enrolled student, 65.4 percent were in under graduate courses. The overall gross enrolment ratio in higher education was 38.2 percent in Tamil Nadu which is significantly higher than all India average of 20.4 percent in 2011-12. Among major States, Tamil Nadu ranked first in gross enrolment ratio. However, in recent times, there is a dilution in the quality of higher education mainly because of the mushrooming growth of private self-financing colleges with poor infrastructure and lack of qualified faculty. Increasing gross enrolment ratio in higher education, upgradation of infrastructure facilities, creating better research infrastructure environment and developing a sound database on higher education are areas requiring attention.

### **1.13 Rural Development:**

Rural development needs to complement urban development so that balanced growth can be ensured and growth in each sector will be reinforcing. The total number of persons living in rural areas increased from 34.92 million in 2001 to 37.23 million in 2011. However, it's proportion to total population was on the decline from 56 percent to 51.6 percent, implying that the process of urbanization in the State has been on the increase. Tamil Nadu accounted for 4.5 percent of the total population living in rural areas in the country. Tamil Nadu accounted for 5.4 percent of the total rural workers at all India. Between 2001 and 2011 the total number of rural workers in the State increased from 17.56 million to 18.86 million. The share of rural workers to total workers was 57.0 percent. The composition of main and marginal workers was in the ratio of 81:19. The proportion of marginal workers was higher in rural areas as compared to urban (10.1%) indicating that workers mostly engaged in seasonal activities. The work participation rate at 50.7 percent in rural areas was higher than that of urban areas (40.2%). The proportion of cultivators and agricultural labourers to total workers declined from 70 percent in 2001 to 65.2 percent in 2011. The literacy rate in rural areas at 73.5 percent was lower than the urban literacy rate (87.0%). Thanks to the various welfare measures taken by the Government both at the Centre and in the State, rural poverty ratio had declined from 37.5 percent in 2004-05 to 15.8 percent in 2011-12. According to the 2011 Census, of the total 9.56 million houses in rural areas in the State, 79.3 percent had protected (tap water) and 90.6 percent had electricity as the main source of lighting. Despite various measures taken in rural areas, 73.3 percent of the rural households continued to follow open defecation which causes a number of sanitation problems and health hazards. A sustained IEC programme is needed to correct these behavioural practices of the rural folk. As high as 72.8 percent of the rural households did not have the provision to dispose waste water.

The total length of rural roads was 1.28 lakh km of which the share of black topped roads was 58.0 percent, followed by earthen roads 22.0 percent, single layer WBM road 9.0 percent, gravel road 7.0 percent, double layer WBM road 3.0 percent and cement road 1.0 percent.

There are 12,524 village panchayats spread over in 31 districts and 385 blocks. About 7 percent of the village panchayats have population below 1000, 55 percent between 1001 and 3000, 22 percent from 3001 to 5000 and 16 percent more than 5000. Of the total budgetary allocation the share of rural development in Tamil Nadu was 9.8 percent. The percapita public expenditure incurred towards rural development in Tamil Nadu at Rs.3,207

was the highest among the major States and well above the all India average of Rs.1228 in 2012-13. A slew of programmes are being implemented for creating sustainable livelihood opportunities, providing basic amenities, promoting sanitation, reducing poverty, minimizing the rural-urban divide, conserving natural resources and ensuring the improvement in the quality of life of the people in rural areas. However, the lack of adequate public involvement in identification of works, execution and maintenance is a cause for concern.

#### **1.14 Urban Development:**

The urban local bodies in the State include 12 Corporations, 124 Municipalities and 528 Town Panchayats. The degree of urbanization in Tamil Nadu has been progressively on the increase. There was a rise in the proportion of urban population in the State from 44.0 percent in 2001 to 48.5 percent in 2011. The average density of population in urban area worked out to 3521 persons per sq. Km. The faster pace of urbanization creates stress on the access to and quality of basic amenities. Apart from this, it has resulted in growth of slums. About 16.3 percent of the urban households were located in the slums in the State. The proportion of slum population to urban population was 16.6 percent. Slum dwellers were mostly engaged in the informal sector with low productivity. Eventhough, a number of schemes are implemented to meet the needs of the slum dwellers, they continue to exist in urban areas. With the implementation of urban poverty programmes and the effective functioning of Public Distribution System, the urban poverty ratio in the State had declined from 19.7 percent in 2004-05 to 6.5 percent in 2011-12.

As per the Ministry of Housing and the Urban Poverty Alleviation the housing shortages in urban areas was 28.24 lakh in 2012. Besides the poor-land-man ratio, lack of purchasing power, security of tenure of land, unavailability of flexible housing finance schemes etc., resulted in the shortage of houses mainly for the poor and economically weaker sections in urban areas. Of the 8.93 million households in urban areas 80.3 percent received tap water. Besides with limited water resources in urban areas being depleted at a faster rate, there was a mismatch between demand and supply of water in urban areas. As against the total demand of 2604 MLD of water, the total supply during the year 2013-14 was 2010 MLD. As high as 96.1 percent of the urban households had electricity connection for lighting purpose. The total number of street lights provided by the urban local bodies was 13.12 lakh in 2013-14, of which Sodium Vapour Lamps and Fluorescent Tubular Lamps accounted for the major share. 75.1 percent of the urban households had toilet facility within their premises. Only 8.6 percent availed the service of public toilets. The remaining followed open defecation. With regard to disposing of waste water, 75 percent of the urban households had drainage connections. The total quantum of waste generated in urban local bodies in the State during 2013-14 was 14,090 tonnes per day. On an average, the percapita waste generated was estimated at 400 grams. Absence of segregation of waste at source, appropriate arrangements for scientific disposal, indifference of the public towards waste management and dearth of sanitary workers continued to plague to solid waste management in the State. The total length of roads in urban local bodies in 2013-14 was 46,992 Kms. 57.9 percent was black topped, 22.8 percent cement concrete road, 11.5 percent earthen road, 5.5 percent WBM road and 2.3 percent other roads. Frequent shifting of utilities including electric cables, water pipe lines, sewerage lines and tele-communication lines continue to pose threats to longevity and maintenance of roads.

Key Indicators					
Select Indicators	2009-10	2010-11	2011-12	2012-13	2013-14
<b>1. GSDP and related Indicators</b>					
GSDP: at current prices Rs. Crores	479733	584896	667202*	744859**	854238@
Growth Rate (%)	19.5	21.9	14.1	11.6	14.7
GSDP: at constant prices Rs. Crores	356633	403416	433238*	447944**	480618@
Growth Rate (%)	10.8	13.1	7.4	3.4	7.3
<b>Percapita Income based on NSDP (Rs.)</b>					
At current prices.	64338	78473	89050*	98628**	112664@
At constant prices	47394	53507	57093*	58366**	62361@
Gross capital formation (Rs. Crores)	108708	129055	141937	161127 (E)	182911 (E)
<b>2. Production</b>					
Foodgrains production (lakh tonnes)	75.05	75.94	101.52	56.05	85.46+
Index of industrial production	134.3	145.8	151.7	153.7	161.6
Growth Rate (%)	7.7	8.6	4.0	1.3	5.1
Gross Power Availability (MU)	72887	76072	76534	74872	85830
<b>3. Prices</b>					
Wholesale price index (average) (1970-71=100)	1826.28	1939.10	2066.29	2251.31	2391.47\$
% change	5.9	6.2	6.5	9.0	8.7
Consumer price index for Industrial Workers (2001=100)	154	168	179	204	221\$
% change	10.6	8.7	7.0	13.6	11.5
<b>4. Money and credit (%)</b>					
Credit deposit ratio	112.6	114.1	116.2	123.0	121.0++
<b>5. Fiscal Indicators (%)</b>					
Gross Fiscal Deficit / GSDP	-2.54	-3.21	-2.97	-2.39	-2.68
Revenue Receipts / GSDP	11.6	12.0	13.0	13.3	13.7
Tax Revenue / GSDP	9.4	10.0	10.9	11.5	11.7
Own Tax Revenue / GSDP	7.6	8.2	8.9	9.6	9.8
Share of Central Taxes/GSDP	1.8	1.9	1.9	2.0	1.9
Non-Tax Revenue / GSDP	2.2	2.0	1.9	1.8	2.0
Own Non-Tax Revenue / GSDP	1.0	0.8	0.9	0.9	0.9
Revenue Expenditure / GSDP	12.4	12.5	12.6	13.0	13.7
Outstanding Liabilities / GSDP	20.7	19.1	19.1	19.8	19.5
<b>6. Social Indicators</b>					
Population (Crores)	--	--	7.21	--	--
Birth rate per '000' population # #	16.3	15.9	15.9	15.7	NA
Death rate per '000' population # #	7.6	7.6	7.4	7.4	NA
Infant Mortality Rate per '000' live births # #	28	24	22	21	NA
<b>Note: * - Revised Estimate, ** - Quick Estimate, @ - Advanced Estimate, + - Provisional, \$ - April 2013 to September 2013, ++ - April 2013 to June 2013, NA - Not Available, ##- Relates to Calendar Years 2009, 2010, 2011 and 2012, (E) - Estimated.</b>					
<b>Source: Compiled and Computed by DEAR.</b>					